Running List of Options for Revision of Adult MH DD Services System
(as of 9/23/09)

1. Change county data reporting from annual in December to monthly (get more value from the newly developed data system) (legislative staff)
2. Senator Hatch proposal from 2009 Legislative Session (attached)
3. Craig Wood list (attached)
4. Teresa Bomhoff list (attached)
5. Funding formula change options (separate document)
6. Include in options a caveat that if national health care reform is enacted and includes mental health services, Iowa's state and local funding for these services will need to be adjusted accordingly. (Rep. Heaton during Workgroup discussion on 9/23)
7. Develop and implement a regularly updated means of identifying the service arrays provided by counties, including the relative ranges of the service arrays and the relative amounts of services provided within the arrays. Use this information as a component of funding distribution formulas in order to improve the relative equity of the services provided in the state. (Carl Smith during Workgroup discussion on 9/23)
8. Shelly Chandler proposal distributed during 9/23 meeting (attached)
9. Address the need for state investment in supporting the ongoing enhancement of community capacity. (Bob Bacon, Center for Disabilities and Development)
10. Address any additional options available for enhancing the use of Medicaid and other federal funding streams and for making adjustments when the federal American Recovery and Reinvestment Act (ARRA) funding expires. (Discussion with Jennifer Vermeer during 9/23 meeting)

Senator Hatch Options from 2009 Session

**Long Term**. Options and ideas include:

- Implement a core services requirement.
- Allow continuation of additional services beyond the core set where already provided and explore expansion of the additional services into other geographical areas.
- Identify emerging services which could also be provided.
- Use the counties' rates of net expenditure per general population as a key factor in formulas, similar to the state and district costs per pupil in school aid.
- Use the counties' net expenditure amounts as the basis for calculating levy rates, state aid levels, and budget limitation levels.
- Include factors to account for other system elements, including movement of consumers between counties, differences in costs to meet various levels of service needs, Medicaid changes, and risks posed by the addition of consumers with extensive service needs.
- Implement elements that support an eventual move to system based on functional assessments of consumers.
- Provide for counties to form into service areas with a minimum population amount to achieve efficiencies ( probably 50,000 or 75,000) Look at break points among counties to ensure consumers have adequate access to services.
- Use property tax relief moneys to bring equity among county rates.
- Phase out state funding if county fund balances rise above a standard level .
- Set a minimum or standard levy rate.
- Use Medicaid inflation rate or some other proxy as the standard basis for inflation levels.
- Continue progress in implementing and using common service and financial data across counties.

**Short-term Options**.

- Reinstate the county supplemental levy authority for these services until long term changes are fully implemented; include limitations. Begin with FY 2010.
- Increase funding into the risk pool so it goes to areas of greatest need and allocate funds to counties earlier so that funds can be incorporated into the county budgeting processes.
- Ensure that any short term approaches support long-term reforms.

Ideas offered by Craig Wood (8/26/09)

## FUNDING IDEAS

**Holding Counties Harmless (from the FMAP Increase) for FY2011/12**

1. Use 2008 balances again.*
2. Increase allowable percentages before doing withholding.*

*We'd have to run the numbers to make sure most counties would be held harmless. There are spreadsheets with formulas that could be used to run various scenarios.

**Long Term Funding Solutions**

1. Move to levy ***rate*** of 1996, not the total dollar amount, as the cap. Calculate additional dollars by using the 1996 levy rate on current valuation and population. Two years ago we calculated that Linn County could raise an additional $2.5 million if we could just levy at the same rate that was in effect in 1996. We have had to reduce the MHDD levy due to increased population and valuations in order to stay under the dollar cap.
2. Equalize the MHDD levy rates so that they are the same for all counties. It seems fair that equity of services ought to call for equity of property taxes. Currently there is a range of $.30/1,000 to $3.00/1,000.
3. Distribute state money on a "case rate" basis, sort of like the school aid formula. Based on earlier calculations, this would require, in addition to the per client dollars, some sort of "Administrative Funding" on a block grant basis, which could be structured such that there would be incentives for smaller counties to share a CPC. This would require some real math, but I'm sure Sue can handle it.
4. Establish a Medicaid type of system where the state has required services and optional services on the menu, and then the state pays for all the entitlements and the county pays the match with no caps. We would have to do an analysis as to how much we could afford to make "required" and how much would be "optional".
5. Have the State pay for all institutional costs with no county match. This would save money by eliminating the need for the State to have staff to bill the counties and the counties having staff to adjudicate the bills and pay them. We would need to cost this one out to see what kind of savings might be achieved.
6. Have the State Court system assume all commitment costs. This would put pressure on the Courts' budget, but maybe they could get some of that School money (see below).
7. Stop requiring so much paperwork for Medicaid funded programs. This might be one of those pilot programs that the original memo talked about. We need to figure out what paperwork is State required and just eliminate that and then to the extent that CMS (the "feds") are requiring it, use data from the pilot to shame the federal legislators into relaxing requirements. I've heard estimates that we could save as much as half of the daily rates if we could eliminate paper. Thus a $200/day program would cost $100/day. But of course we need real data; so that's where the pilot would come in.
8. Increase client participation in financing for higher income brackets and count parental income until the client is over age 25.
9. Free up State dollars by making the school districts use their fund balances for a couple of years. County fund balances are now $24 million or 7.5% of expenditures. If schools had to reduce their fund balances to 7.5%, it would free up $340 million. That's enough to cover the total county expenditures for one year.
10. Value people more than roads. Reduce expenditures on roads and apply it to MHDS services.

MH/DD Workgroup – 8-27-09 – T. Bomhoff

## Reorganization of state government

My recommendation is to combine the Departments of Mental Health and Disabilities, Substance Abuse, and Suicide Prevention.

All deal with the same health issues.

Federal parity law just passed this year includes both mental health and substance abuse conditions. Why not provide services within 1 dept?

If the merger is addressed as a health issue – it would be a strong anti-stigma message sent to the citizens of Iowa.

At least 50% of all persons with mental illness have a substance abuse problem and vice versa.

By combining departments
From the public's perspective, it would be one door to access and lessens fragmentation of the system. Having one door reduces frustration and has the possibility for streamlining service to individuals and families.

From the provider's perspective, duplication of paperwork and administrative costs could be reduced. This would reduce frustration and streamline data gathering and reporting.

Each of the 3 departments has different types of expertise to bring to the merger and by working together should be able to further strengthen each other and enhance services to the public. The merger could reduce costs by eliminating duplicative tasks.

Research has shown the best outcomes for a person with a dual diagnosis is to have both illnesses treated at the same time with the same treatment team. One of the nation's leading experts, Dr. Kenneth Minkoff, has been in the state several times in the last 2 years, providing information on best practices on dual diagnosis. Is it correct that Iowa has lagged in the professional licensure of dual diagnosis practitioners as well as dual diagnosis treatment centers?

We need to have a single team at the state level of government.

Iowa may become a model and change agent for other states to follow.

Are ARRA (stimulus) funds available to help facilitate this merger?

*See next page for another set of recommendations.*

T. Bomhoff Proposal Continued

Request for data

How many bottles and cans of beer, wine, liquor, and alcoholic drinks are sold in Iowa in a year?
What is the present annual amount of state tax dollars generated by these sales?
Where are the state tax dollars spent – are they specified to be spent on a particular program or purpose?

How many bottles and cans of non-diet soda are sold in Iowa in a year?
What is the present annual amount of state tax dollars generated by these sales?
Where are the state tax dollars spent – are they specified to be spent on a particular program or purpose?

Why ask for the data?

The Legislature is asking for ideas to generate additional money to support the mental health and disabilities system. Additional revenue generated from the sale of alcoholic beverages and non-diet soda could be designated for the mental health and disabilities system (including substance abuse).

Background

The Legislature passed legislation increasing the tax on cigarettes. The reason for raising taxes on cigarettes were varied - they are a health hazard and cause premature death, the effects of smoking drive up health care costs for everyone, etc. The additional tax was thought to be justifiable to deter those who made cigarette smoking their lifestyle choice.

For those with mental illness – cigarette smoking has a calming effect and helps to provide clarity in their damaged thought processes. At least half of the cigarettes bought are purchased by persons with mental illness.

Recommendation #1

My recommendation is to place a tax on all alcoholic beverages and have the taxes go directly to the support of the Iowa mental health system (including substance abuse).

At least 50% of all persons with mental illness have a substance abuse problem and vice versa. Excessive use of alcoholic beverages create a health hazard and cause premature death, the effects of substance abuse drive up health care costs for everyone.

The additional tax was thought to be justifiable to deter those who made cigarette smoking their lifestyle choice. The same argument can be made for alcoholic beverages, especially the excessive use of alcoholic beverages – all the direct and indirect ramifications of drunk driving, binge drinking, public intoxication – all help to fill jails and prisons.

Recommendation #2

My recommendation is to place a tax on all non-diet soda and have the taxes go directly to the support of the Iowa mental health system (including substance abuse).

It is another example of influencing healthy lifestyle choices.

Shelly Chandler, Executive Director, Iowa Association of Community Providers 9/23/09

# Public vs. Private Services
# Recommendation to the MH/DS Work Group

The rate to serve an individual in a public Resource Center is ~ $600/day. There is a question as to whether this rate is fully inclusive or does not include clinical nursing care, facilities maintenance, staff salary and benefits. Recently the Des Moines Register printed an article citing the independent consultant report that included information that Glenwood spent $3.4 million in overtime in 2008. This is not included in the per diem.

The rate to serve an individual in a privately run community provider facility is capped at ~ $300/day and includes clinical nursing care, facilities maintenance and all staff costs.

In one year, taking just the stated per diem, the savings to provide the same service in the community is $109,500 (again, not taking into consideration the additional expenses that are not included in the public institution cost of service) **per person per year**.

The Olmsted decision is marking its 10 year anniversary, a commitment to community-based care. Leadership at the state's administrative and policy level, and advocates in countless meetings state that it is preferable for individuals with disabilities to live, work and recreate in community-based settings of their choice. Iowa received a $51 million grant (Money Follows the Person) to assist in the movement of adults from facility to community service.

Arguments that individuals within the Resource Centers are more significantly involved, medically-fragile or behaviorally challenging, are simply not true. There are individuals currently served in private community-based settings that are tube fed including nocturnal pumps requiring direct nursing oversight, on ventilators, receiving a multitude of therapies onsite including percussion vest therapies (breathing therapy), peritoneal dialysis (for renal failure), inhalation therapies, basal nerve stimulators (seizure intervention), intermittent catheterization and CPAP. Other therapies include positioning, range of motion, gate training, extensive follow up from orthopedic surgery. Equipment is used onsite including stand up, supine and prone standers, Hoyer lifts, and Seri-lift (full body stand lift). In addition, community providers work with children and adults with significant behavioral involvement requiring multiple interventions on a daily basis.

While leaders and advocates support community-based services, the fact is the state places a much higher (financial) value on publicly funded, large institutional settings.

The Glenwood Resource Center has been under an injunction by the Department of Justice for as long as the Olmsted decision has been around. While the latest report indicates improvements have been made, this facility has had more citations than any other facility in the state. Beyond the number of citations, one must consider the severity of those citations – insufficient clinical care, staff abuse, medication errors, etc. If a private community provider received the severity of citations as Glenwood has in the past year, it would have been de-certified by the Department of Inspections and Appeals.

With the state facing its largest budget shortage in its history (estimates $500 million to $1 billion), now is the time to make the changes to the community-based services we say we value. It makes sense from an advocate's perspective and certainly is much, much more efficient than the public alternative. The Money Follows the Person grant calls to move 573 people into the community. After nearly 3 years, fewer than 100 people have moved.

Our fiscal priorities seem to be maintaining status quo while our stated values are in complete opposition. Now is the time to align our values, and help the state reduce its shortfall.